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[redacted]

25X1X (The following information appears indicative of the reportedly increasing tension within official Argentine circles and may afford some explanation for the distrubances of the weekend, 17-19 September. [redacted] that the alleged unrest in the Army coincided with the belligerent and violent speech made recently by President Peron in Santa Fe in which he virtually declared open war against his political opposition.)

1. On the night of 8 September and the early morning of 9 September, a threat of revolt developed in the cavalry unit stationed in La Plata. Unrest was observed also in the First Infantry stationed in Buenos Aires. On 9 September Federal Police searched all train passengers arriving in Buenos Aires 25X1A from La Plata. [redacted] Comment: No cavalry unit is listed in La Plata; however, a second infantry division is located there.)

2. The Argentine Government is cognizant of the intrigue and plotting in several Army units at Campo de Mayo in Buenos Aires and in Rosario and Corrientes. It realizes also that the opposition is making headway in penetrating both the armed forces and the Federal Police. As a result, Peron has ordered increased surveillance of opposition political figures and some army officers. 25X1A [redacted] Comment: While [redacted] small opposition groups are 25X1X being organized, there is no indication that these groups are crystallizing into one unified movement.)

3. Leaders of the Radical Party (the opposition minority in Congress) are being paid particular attention by Peron's secret police. The Radicals have taken a much more aggressive attitude against the Government since the expulsion from Congress of the Radical Deputy, Ernesto Sammartino. Friends and relatives of the ousted deputy as well as Sammartino himself, who is now reported to be in Uruguay, have been under police surveillance. Sammartino has in his possession documents which, if made public, would greatly embarrass some high officials in the Peron government. [redacted] an attempt on Sammartino's life would not be surprising.

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4. The following military figures are among those being watched by Peron's secret police:

General Filomeno Velazco, Interventor of Corrientes Province and former chief of Federal Police;

General (fnu) Crespo, retired officer now living in Buenos Aires;

General Arturo Rawson and General Pablo Ramirez, former chief executives of Argentina.

5. General Velazco is closely watched on his frequent trips from Corrientes to Buenos Aires. Despite previous indications that Peron might be forced to bring Velazco back into his cabinet to appease the Nationalists, it is believed that Mrs. Peron will not stand for compromise with Velazco. The President's wife is said to have convinced Peron that Velazco is primarily responsible for the smear campaign being waged clandestinely against her and that Velazco is trying to have her removed from her position of political prominence.

6. Mrs. Peron is reportedly behind the President's "get-tough-with-the-opposition" policy and is said to have been responsible for the following:

a. The expulsion of Sammartino;

b. The oft-rumored plan to remove General Humberto Sosa Molina as Minister of War on the grounds that he is not only tolerating but fomenting "anti-Evita" sentiment in the Army.

c. The movement to wipe out Peron opposition among university students. Mrs. Peron is sponsoring the organization of the "Sindicato Argentino de Estudiantes" at the University of Buenos Aires. This group is attempting to line up university students behind Peron.

7. As Argentina's internal politics become more troubled, the Peron government is increasing its propaganda barrage designed to divert public opinion away from domestic issues. The controlled press and radio are concentrating on the following themes:

a. Argentina's struggle for economic independence against the evil intentions of British and American capitalistic trusts;

b. Justification of the government's efforts to fight the opposition's attempts to sabotage the social reforms of the present regime;

c. Argentine rights in the Falklands and the Antarctic;

d. Defense of Argentina's economic policies;

e. Exhaltation of Argentine nationalism.

8. Although the Government will not officially admit that it is beset by economic woes, President Peron is greatly concerned by the following:

a. An increasing shortage of raw materials which are needed to keep Argentina's industries at capacity operation;

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b. Continuing labor unrest marked by strikes and slow-downs;

c. Inflation. [redacted] the gold backing of the Argentine peso has recently decreased another 8 percent.

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9. The Government's official pronouncements on the country's economic condition are completely false. Statistics and figures are being juggled, changed, and falsified for public consumption. A survey of the current economic situation, jointly instituted recently by several of the large Argentine industrial firms, indicates December 1948 as the critical period where the saturation point of the heavy demand on dollar exchange will have been reached, even if substantial ECA purchases are effected from Argentina.

10. The prestige of Miguel Miranda, president of the National Economic Council, is dropping daily. His approaching trip to Europe may be his last official mission for the Argentine Government. One reason why Miranda was not replaced long ago is that Peron cannot find a responsible individual willing to assume direction of the chaotic situation Miranda has created.

11. The Government's recent radio and press campaign in defense of IAPI, the Government's official trading agency, was prompted by criticism of that agency in the American press. The propaganda technique is to exaggerate what benefits have been derived from IAPI's operations, and to stress the theme that "big business and foreign trusts want to eliminate IAPI". Actually, the Government is cognizant that IAPI is: (1) failing to obtain new markets for Argentine goods in other Latin American countries; (2) riddled with inefficiency and graft; (3) not doing enough work to keep all its employees busy; (4) sustaining large losses in merchandise purchased abroad, a result of careless transportation arrangements and the purchase of inferior materials.

12. The President intends to deal severely with any attempted demonstrations and has already taken the following precautionary measures:

a. Increased the police guard around the Casa Rosada;

b. Ordered the Federal Police to increase the number of men assigned to routine patrol duties in the city;

c. Ordered the guard charged with Mrs. Peron's safety strengthened;

d. Alerted the National Gendarmerie to watch carefully for any contraband of arms and ammunition from neighboring countries.

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